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TAGS: [ECON](#) [ETRD](#) [AR](#)  
SUBJECT: AMBASSADOR MEETS ARGENTINE MINISTER OF INDUSTRY  
AND TOURISM

Classified By: Ambassador Vilma Martinez for reasons 1.4 (b) & (d).

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Summary  
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¶1. (C) Ambassador Vilma Martinez paid a courtesy call on Minister of Industry and Tourism Debora Giorgi in the wake of the recent transfer of the agriculture portfolio to a standalone Ministry. Giorgi discussed her approach to her duties and described maintaining employment as her chief concern. Discussion between the Ambassador and Giorgi ranged over fields for likely industrial development, the software sector in particular, and the Government's latest plan for support to local producers. End Summary.

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Shift in Responsibilities  
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¶2. (C) The Ambassador, accompanied by EconCouns and EconOff (notetaker), paid an introductory call on Argentine Minister of Industry and Tourism Debora Giorgi in her Ministry office on October 23. The meeting came in the wake of the former Ministry of Production's redesignation as Industry and Tourism after the spin-off of the Agriculture portfolio into a separate and newly created Ministry of its own. According to press reports, Giorgi, stripped of Agriculture, had threatened to resign at the end of September unless she received a signal of support from President Cristina Fernandez de Kirchner (CFK). When the Secretary of Industry stepped down to be replaced by Giorgi loyalist Eduardo Bianchi instead of Marta Diaz, who is close to Chief of Cabinet Anibal Fernandez, the press interpreted the reshuffle as a victory for Giorgi and a sign of support for her continuation in office. During the meeting, Giorgi provided an overview of the work of her Ministry and ran through a short list of possible areas for collaboration with the United States.

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A Minister's Work is Never Done  
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¶3. (C) Giorgi defined her portfolio broadly as encouraging markets and fostering competition to build productive infrastructure and human capital. Her Ministry covers all industrial sectors and also promotes and regulates tourism. Building industrial capacity, improving the strength of the service sectors, harnessing science and technology and generally optimizing the use of Argentina's resources and productive capacity is Giorgi's principal aim.

¶4. (C) Giorgi buoyantly observed that the global economic crisis was providing an unexpected opportunity for Argentina to build on its strengths in human capital and natural resources and emerge stronger. She confided, however, that she found both the challenges and the opportunities that confront her now to be formidable.

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The Number One Priority: Jobs  
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15. (C) CFK's top priority, according to Giorgi, is to maintain employment, and the Ministry's initiatives all converge on efforts to safeguard jobs. The purpose of capital, she observed, is for companies to preserve workers' positions. Under CFK, competition and corporate regulation are oriented toward job creation that helps poor families with numerous children and no breadwinners.

16. (C) Promising sectors for increasing employment include textiles, footwear, and home appliances. According to a Giorgi staffer, there has also been substantial recent investment in kitchen and laundry appliances. For example, the South Korean industrial conglomerate, LG Group, has recently begun working with a local producer, where 120 workers make high-quality washing machines to international standards. The plant is now planning to add 70 workers, Giorgi noted. Development, she observed, is a matter of production and hope.

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Industrial Development  
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17. (C) Several other economic sectors also offer promising opportunities for Argentina, according to Giorgi. Services, bio and information technology and specialized agriculture are all burgeoning sectors with successful local entrepreneurs, some of them in their early twenties. The

Ministry is looking at modifications of the law and adjustments to benefits to promote exports and entrepreneurial businesses oriented towards international commerce and export opportunities. It is also looking to focus on strategic joint ventures in natural resources, the auto sector, and software, among others. Giorgi hopes to host an event for young businesspeople in developing economic areas.

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Hi-Tech Ambitions  
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18. (C) Giorgi reserved her greatest enthusiasm for promising technological sectors. She said that the cultural differences between Argentina and the United States are minimal, adding that Argentina has many fluent English speakers and boasts fine Universities and a thriving software development sector. She noted that Argentine hi-tech companies should produce software not just in Spanish but in English too. Argentine companies, she noted, have partnered with Microsoft to develop applications for small and medium enterprises. She would also like to initiate a joint hi-tech incubator and views such a project as an interesting chance for cooperative engagement.

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Support for Producers  
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19. (C) Giorgi also spoke about subsidies for producers and her relaunch, in conjunction with Economy Minister Amado Boudou, of the investment promotion law. The initiative provides for an 800 million peso stimulus before the close of 2009 and a total of 3.6 billion pesos by the end of 2010. The plan offers qualifying businesses accelerated amortization of capital goods in corporate income tax and advance return of value added tax. Both options would be available on goods either produced for export or with a sustainable environmental profile.

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Comment  
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¶10. (C) Giorgi, with her free market credentials from years in the private sector, has been viewed as something of an outsider in the Kirchner circle. In her conversation with the Ambassador, however, she fully supported CFK's professed economic philosophy and strongly supported the President's initiatives. Despite her loss of control over agriculture, she seems intent on supporting CFK and surviving, for now, as the chief of a smaller cabinet ministry.

MARTINEZ